

Committee on Ways and Means

Summary of H.R. 4109, Simple Tax for Seniors Act of 2004

Current Law

- Under present Internal Revenue Service (IRS) rules, more than 35 million individuals age 65 or older are not permitted to use Form 1040EZ, and the ratio of seniors to all individual income tax filers is growing. According to an IRS study, the number of seniors age 65 and over filing returns will grow from 10.7 million in 2000 to 12.5 million in 2010. In light of this trend, the IRS has been considering a simplified tax form for seniors.

Summary of H.R. 4109

- The bill requires the IRS to offer a simplified tax form for seniors, similar to Form 1040EZ. The form would be designated "Form 1040S," and it would be available for use in filing 2005 returns.
- In particular, the bill requires the IRS to offer to individuals age 65 and older a Form 1040S that is as similar as practicable to Form 1040EZ. The IRS is instructed to make the form available notwithstanding the receipt of Social Security benefits; distributions from a qualified retirement plan, annuity, or other deferred payment arrangement; interest or dividends; or capital gains or losses.
- Finally, the IRS is instructed not to establish an income threshold for use of the form so that seniors with income in excess of \$50,000 - - the current threshold for Form 1040EZ - - will be permitted to use the simplified form.
- The IRS estimates that as many as 11 million seniors will be eligible to use the new form in the first year it is made available.
- This legislation will assure IRS follows through on its promise to make such a form available.
- H.R. 4109 is supported by the American Association of Retired Persons (AARP) and the 60 Plus Association.
- The Joint Committee on Taxation estimates that H.R. 4109 will have no revenue effect.